

STATE CONTROLLER'S OFFICE  
PERSONNEL/PAYROLL SERVICES DIVISION  
P. O. BOX 942850  
Sacramento, CA 94250-5878

DATE: September 19, 2006

PERSONNEL LETTER #06-014  
CIVIL SERVICE ONLY

TO: All Agencies in the Uniform State Payroll System

FROM: DON SCHEPPMANN, Chief  
Personnel/Payroll Services Division

RE: **JULY 1, 2006 GENERAL SALARY INCREASE FOR CIVIL SERVICE BARGAINING UNITS  
1, 3, 4, 11-17, 19-21 AND EXCLUDED EMPLOYEES**

Pursuant to the memorandum of understandings, the Department of Personnel Administration (DPA) has approved a general salary increase (GSI) for rank and file classes/ranges in bargaining units 1, 3, 4, 11-17, and 19-21 effective July 1, 2006. In addition, DPA has authorized a general salary increase and special salary adjustments for certain civil service excluded employees effective July 1, 2006. Refer to DPA Pay Letter 06-35 and DPA Personnel Management Liaisons (PML) Memorandum 2006-032 for further information.

The GSI/special salary adjustments will be processed via several employment history (EH) data base mass updates and manually for those who cannot be included in the mass updates (see below). The new salary rate should be reflected in the employees' September 2006 master payroll. Also, adjustment payments will be made for the 07/2006, 08/2006 and first half 09/2006 pay periods. See below for additional information on the adjustment payments.

#### 1. EH UPDATE PROCESSES

The majority of the employees were included in the GSI EH mass update process that occurred Friday night, September 15, 2006. Another GSI EH mass update will occur Tuesday night, September 19, 2006, for employees not included in the weekend update process. GEN transactions with a 07/01/06 effective date will result from the mass updates. The GEN transaction reflects the GSI change within an employee's base salary rate.

The Tuesday night EH mass update process will also include the special salary adjustments authorized by DPA for specified excluded classes/ranges to maintain a 5% salary differential between the corresponding rank and file classes (see the DPA pay letter for a list of the classes/ranges). SAL transactions with a 07/01/06 effective date will result from this update.

PPSD will manually update the EH records not included in the mass update. Typically, the manual update will include employees who were rejected in the GSI EH mass updates, are in an out-of-sequence transaction situation (i.e., have one or more transactions with an effective date after 07/01/06) or are separated prior to July 1, 2006 with lump sum extending into the new salary pay period. These employees will be processed on a flow basis. Every attempt will be made to update the employment history records in time for the September master payroll cycle. Also, PPCSD will notify departments of situations requiring department action.

A turnaround (TAD) PAR will be issued from the above updates. The TAD PARS will be released on a flow basis.

Departments will need to manually update the EH records of the following employees.

Paid under the 9-12, 10-12 or 11-12 pay plans:

- If the employee is on work status as of July 1, 2006, process a 07/01/06 effective GEN transaction. Enter the new salary rate on the GEN transaction. If the salary rate is not entered, the rate may be computed incorrectly by the EH on-line system. If the employee is also entitled to the special salary adjustment, process a 07/01/06 effective date SAL transaction after the GEN transaction to reflect the new salary adjustment rate.

- If the employee is not on work status as of July 1, 2006, process a SAL transaction effective the date the employee returns to work status. Enter the new salary rate on the SAL transaction. If the employee is also entitled to the special salary adjustment, include the salary adjustment within the SAL transaction.

C.E.A. (class code 7500):

- Process a 07/01/2006 effective date SAL transaction in accordance with Section 8 of the DPA Pay scales. Enter the new salary rate on the SAL transaction.

Limited Examination and Appointment Program (LEAP) Candidates (class code 4687):

- Process a 07/01/06 effective date SAL transaction reflecting the new salary rate.

New Program Consultants (class code 4661) and Special Consultants (class code 4660):

- Process a 07/01/06 effective date GEN transaction. The GEN PARs must be sent to the Department of Personnel Administration (DPA). In most instances, a new approved Request For Certification Form 625 will be required before the GEN PAR can be processed. Departments with approved delegation agreements for appointments to the classifications may process the GEN transaction without DPA approval. However, exceptions to the agreement will require DPA approval for the GSI.

## 2. SPECIAL EH DOCUMENTATION/PROCESSING INSTRUCTIONS

Once an employee's EH record is updated, the 07/01/06 effective date GEN or SAL transaction could create an out-of-sequence condition. If allowed, salary rate and the appropriate pay differential Earnings ID (EID) (see the DPA Pay Letter 06-35 for the pay differential changes) must be entered on any new out-of-sequence transaction. If not entered, the salary rate and/or pay differential EID per the 07/01/06 effective date GEN/SAL transaction will be reflected on the new transaction and could create an overpayment situation. See PAM Section 9 for further processing information.

If correcting a 07/01/06 effective date transaction that was posted before the 07/01/06 effective date GEN/SAL transaction, key enter the GSI Code O (alpha O in the GSI field on the GSI field on the PAR1 update screen) on the correct transaction to denote old salary rate. Also, per DPA, an MSA transaction shall be applied before a salary range change. Thus, the 07/01/06 effective date MSA transaction must be posted on an employee's EH record before the 07/01/06 effective date GEN/SAL transaction. Key enter the GSI Code O on the MSA transaction to denote old salary rate. Failure to enter the GSI Code O could result in an incorrect base salary rate and/or anniversary date (i.e., overpayment).

### 3. PAYROLL ADJUSTMENTS

Adjustments for regular pay payments and overtime payments (i.e., non-FLSA overtime pay) that have already been issued will be automatically made after the employee's EH records are updated for the salary change. For employees updated via the above EH mass updates or manually by PPSD, the adjustments will be made in the September 27, 2006 payroll cycle (issue date 09/28/06).

Due to the significantly large volume of adjustment payments expected from the payroll cycle, all payroll outputs for the September 27, 2006 cycle will not be released until Monday, October 2, 2006. In addition, the retroactive GSI adjustments will be summarized with the \$1000 one-time bonus pay that the majority of the employees involved in the GSI EH update processes are entitled. A Payroll Letter will be issued with further information on the bonus pay.

PPSD will issue adjustment for holiday pay system generated payments (payments type S, payment type suffix H). The adjustment payments will be issued during October 2006.

Departments will need to request GSI adjustments to FLSA overtime pay (payment type 1, payment suffix F) via the PIP System. See PPM G020-024 and K for further information. Likewise, departments will need to submit Form STD. 674/674D to request adjustments for the following payments that have issued for the 07/2006, 08/2006 and first half 09/2006 pay periods.

- Regular pay with dock applied for employees with a mid-month change.
- Regular pay for employees on an alternate work schedule or working a shift and time paid does not equal time possible for the pay period.
- Industrial Disability (IDL).
- Temporary Disability (TD).
- Nonindustrial Disability Leave (NDI) if benefits began after the 06/2006 pay period.
- NDI Annual Leave Supplementation.
- Out-of-Class pay.
- Supplemental premium/pay differential pay if the pay rate is based on a percentage of the employee's based on salary rate and the employee is receiving a GSI.
- Holiday pay, user-entered rate (payment type S, payment suffix G).

#### 4. RETROACTIVITY CHARGES

The transactions as a result of the July 1, 2006 salary changes are considered to be non-controllable personnel and payroll transactions. The EH transactions and payroll adjustments resulting from the EH mass updates or initiated by PPSD should not be reflected on the Monthly Retroactivity Report. The EH transactions and payroll transactions that are key entered by the departments will appear on the department's report. The department can return the report identifying the items associated with the July 1, 2006 salary change along with the appropriate explanation.

#### 5. TELEPHONE CONTACTS

Questions regarding the salary changes and EH/Payroll processing information can be directed as follows:

<u>SALARY AREA</u>	<u>CONTACT</u>	<u>TELEPHONE NUMBER</u>
Salary Program	DPA	(916) 324-9381
EH Procedures	Personnel Operations Liaison Staff	(916) 322-6500
Disability Procedures	Disability Liaison Unit	(916) 322-3619
General Payroll Procedures	Payroll Liaison Unit	(916) 323-3081

DS:JB:PMAB